

Testimony of Congressman Jim Ryun
H.R. 414, the Hearing Aid Assistance Tax Credit
H.R. 2202, the Social Security Benefits Tax Fairness Act
November 15, 2005

Thank you Chairman Camp, Ranking Member McNulty, and Members of the Subcommittee for giving me the opportunity to testify. Today, I will highlight two bills that I have introduced to give a helping hand to senior citizens.

First, I would like to talk to you about H.R. 414, the Hearing Aid Tax Credit. H.R. 414 would provide a tax credit of up to \$500 per qualified hearing aid, once every five years, either for an individual over the age of 55, or for a dependant child.

Many people do not know that hearing aids are *not* covered under Medicare, or under the vast majority of state mandated benefits. In fact, over 71% of hearing aid purchases involve no third party payment, which places the entire burden of the purchase on the consumer.

Without financial assistance, many Americans who *could* be treated simply go without a hearing aid. In fact, while 95% of individuals with hearing loss could be successfully treated with hearing aids, only about 22% currently use them.¹

Moreover, 30% of those with hearing loss cite financial restraints as their reason for *not* using a hearing aid.

The average cost for a hearing aid in 2004 was \$1,800. Almost 2/3 of individuals with hearing loss require two devices, increasing average out of pocket expenses to \$3,600. For seniors on limited incomes, a \$500 tax credit would go a long way to ensure that they seek the treatment that they need.

¹ Better Hearing Institute, published by MarkeTrak, July 2005.

Hearing loss is not only a problem among our seniors, however. Hearing loss is among the most prevalent birth defects in America, currently affecting more than 2 million children under the age of 18 in this country. The Department of Education indicates that over 70,000 students, ages 6-21, received special education services in 2002 alone, due to their hearing loss.

This special education coupled with lost wages and health complications costs the Federal government thousands of dollars each year. According to a recent study, children who do not receive early intervention cost schools an additional \$420,000 during their careers.²

In addition, in 2005, the Better Hearing Institute found that untreated hearing loss results in a loss of income per household of up to \$12,000 per year.³ For the 24 million Americans with untreated hearing loss who pay taxes, this translates to a cost to society of *\$18 billion* annually in unrealized income taxes.

The Hearing Aid Tax Credit currently has 81 cosponsors, including substantial support from the Committee on Ways and Means.

I believe that the Hearing Aid Tax Credit would help both those who already scrape together the money to purchase hearing aids—*but more importantly*—would aid those who decide not to purchase a hearing aid for themselves or their children because they simply cannot afford it.

Second, I would also like to talk to you today about H.R. 2202, the Social Security Benefits Tax Fairness Act. Like the Hearing Aid Tax Credit, this bill would provide help for America's seniors. H.R. 2202 would increase the base and adjusted base amounts by \$4,000 and index them according to inflation.

² International Journal of Pediatric Otorhinolaryngology, 1995.

³ "The Impact of Untreated Hearing Loss on Household Income," Better Hearing Institute, July 2005.

As you know, the base and adjusted base amounts determine if a senior must pay taxes on their Social Security benefits. The base amount for individuals is \$25,000, and \$32,000 for joint filers. The adjusted base amount for individuals is \$34,000, and \$44,000 for joint filers.

Currently, if an individual's or married couple's combined income is above the base amount, they must pay taxes on 50% of their benefits. If their combined income is above the adjusted base amount, 85% of their benefits are taxed.

Prior to the passage of the Social Security Amendments of 1983, Social Security benefits were not subject to Federal income tax. The base and adjusted base amounts, however, were introduced in 1983 and 1993, respectively.

Since then, the income levels used to determine tax liability on Social Security benefits have not changed. As a result, as retirement incomes increase with inflation, more middle class seniors are forced to pay taxes on their benefits.

For this reason, I believe that we should increase the base and adjusted base amounts and index them for inflation. While I support completely eliminating taxes on benefits, I believe this is a more moderate approach, and a viable option to reduce taxes on seniors without creating large revenue deficits.

Reducing the number of middle class seniors who have to pay taxes on their benefits will increase the number of seniors who are able to pay for the rising costs of daily living.

I encourage the committee to consider both H.R. 2202 and H.R. 414. I am happy to answer any questions you may have.